

***Remarks***

Reconsideration of this Application is respectfully requested.

Upon entry of the foregoing Reply, claims 1-6 are pending in the application, with 1 and 6 being the independent claims. Based on the following remarks, Applicant respectfully requests that the Examiner reconsider all outstanding objections and rejections and that they be withdrawn.

**Rejections Under 35 U.S.C. § 102**

The Examiner has rejected claim 1-6 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,173,276 to Kant ("Kant"). Applicant respectfully traverses this rejection.

The Examiner's rejection is nothing more than a recitation of the claim elements and a citation to Col. 2, lines 24-53 and col. 26, lines 1-55 of Kant. However, these portions of Kant do not disclose each and every element of Applicant's claims. Kant does disclose the use of lattices (binomial and trinomial trees) to price financial instruments. Col. 2, lines 30-31. However, Kant then goes on to discuss the disadvantages of lattices. Col. 2, lines 53-62 col. 26, lines 33-46.

Applicant's independent claim 1 recites building a lattice using the inputs from steps (1)-(5) recited in claim 1. The lattice is traversed in a backwards fashion in order to calculate the value of a basket option from a maturity date to the present. Kant fails to disclose these steps. Accordingly, claim 1 is patentable over Kant.

Dependent claims 2-6, which depend from claim 1, are patentable for the reasons discussed above with reference to claim 1 and because of their own unique features. Also, independent claim 6 is patentable over Kant for the same reasons provided for

claim 1. Accordingly, Applicant respectfully requests that the rejections of claims 1-6 be withdrawn or that the Examiner point out with particularity where these steps are disclosed in Kant.

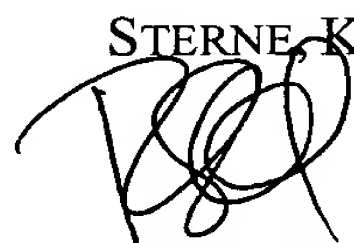
***Conclusion***

All of the stated grounds of rejection have been properly traversed, accommodated, or rendered moot. Applicant therefore respectfully requests that the Examiner reconsider all presently outstanding rejections and that they be withdrawn. Applicant believes that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance. If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone the undersigned at the number provided.

Prompt and favorable consideration of this Reply is respectfully requested.

Respectfully submitted,

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